

The regulations for taxes administered by the Department are posted on the Department's web site at [www.ILTAX.com](http://www.ILTAX.com). (This is a GIL.)

April 17, 2006

Dear Xxxxx:

This letter is in response to your letter dated November 23, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC is a leader in corporate identity uniforms, providing uniform rental, mat and linen rental, and restroom/facility services. Our industrial laundry activities, which specialize in uniform rental, consist of preparing garments for service, delivering clean garments and collecting soiled garments from our customers weekly. While the the [sic] majority of our business is rental, we frequently sell garments to our customers. We also occasionally charge our rental customers for mending, preparing, altering, or replacing the garments. Our restroom services provide servicing of soap, toilet paper, hand towels, lotion, protective seat covers, and air freshener dispensers.

We would like to take this opportunity to confirm the status of our core income and expense items as taxable or nontaxable. Enclosed are checklists of the most common items we charge our customers and items we purchase. We request you place an "X" on the line next to each item indicating that the item is either taxable or exempt from sales tax in your state. This information will be used to confirm the accuracy of our sales tax computation.

If you have any questions regarding any items on the schedule, please feel free to contact me directly.

## DEPARTMENT'S RESPONSE

We are unable to respond to your survey in the manner requested. General information letters are used to direct taxpayers to the appropriate source of information to enable the taxpayer to make a determination of tax liability. We are unable to complete each question of your survey at this time due to staff shortages. I hope the following information will guide you in your tax research.

The Illinois sales and use tax system is unique because it codifies four separate taxes: The Retailers' Occupation Tax, (86 Ill. Adm. Code 130.101 et al.), the Use Tax, (86 Ill. Adm. Code 150.101 et al.), the Service Occupation Tax, (86 Ill. Adm. Code 140.101 et al.), and the Service Use Tax, (86 Ill. Adm. Code 160.101 et al.).

The Retailers' Occupation Tax is what is commonly referred to in other locales as "sales" tax. However, the Retailers' Occupation Tax is not a sales tax, but rather an occupation tax. The Retailers' Occupation Tax is imposed on persons engaged in the business of selling tangible personal property at retail. The complement of the Retailers' Occupation Tax is the Use Tax, which is a tax imposed upon the privilege of using, in Illinois, tangible personal property purchased anywhere at retail. The current State tax rate is 6.25% plus any local taxes if applicable.

The Service Occupation Tax is also an occupation tax, and has a complementary tax known as the Service Use Tax. These service taxes are applicable to tangible personal property transferred by a serviceman as an incident to the service provided, as opposed to property being sold and purchased at retail. The tax is not on the service itself, but on the property being transferred.

The regulations for taxes administered by the Department are posted on the Department's web site at [www.ILTAX.com](http://www.ILTAX.com). In addition to the sales tax regulations (86 Ill. Adm. Code Parts 130, 140, 150, and 160), you may want to review the regulations for the Motor Fuel Tax (86 Ill. Adm. Code Part 500), the Gas Revenue Tax (86 Ill. Adm. Code Part 470) and the Electricity Excise Tax (86 Ill. Adm. Code Part 511).

I hope this information is helpful. If you require additional information, please visit our website or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote  
Associate Counsel

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